

March 13, 2007

Testimony of Rich Robinson, Michigan Campaign Finance Network, to the House Ethics
and Elections Committee on House Bill 4285

Chairman Corriveau and Distinguished Members of the Committee:

Thank you for taking up the issue of disclosure of public officials' economic interests. I appreciate the opportunity to make comments on House Bill 4285. I believe this bill is a critical piece of the foundation as you work to rebuild Michigan's too long neglected ethics law. I support the bill, but I would like to offer some constructive criticism.

As to the reporting of assets: The issue is to make significant personal economic interests that may cause a conflict of interest a matter of public record. In this regard, setting the reporting threshold for an asset at \$1,000 may be overdoing things. Our neighbors to the west in Wisconsin have set the threshold to require reporting of an asset at \$5,000, and that has a certain practical appeal. It is a bit hard to imagine a public official engaging in the unethical side of a conflict of interest to enhance the value of, for example, an asset whose value is only \$3,500.

The reporting requirements for the value of assets and liabilities in Section 5 of HB 4285 may be excessively intrusive. The point is to establish whether a personal economic interest is significant enough to cause a conflict of interest. Again, considering Wisconsin as an example, that state's requirement is for the reporting official to declare whether the value of a reported asset is greater or less than \$50,000. Whether that is precisely the right number may be debatable, but the point is that a \$50,000 asset should be no less a concern than an asset whose value is greater than \$500,000. The asset is of a value that should cause the public official to consider, and, perhaps, seek counsel as to whether his or her official action would constitute a conflict of interest. Making public the details of the absolute value of the holding probably is not necessary to cause the public official to evaluate whether to abstain from official action.

On the other hand, I question the reporting exemption for "a personal residence." For many Michiganians, our principal residence is our most valuable asset; and I feel obliged to remind you that disgraced former U.S. Rep. Randy "Duke" Cunningham was bribed by the purchase of his principal residence for twice its actual value. Your principal residence and your second and third residences should be reported assets; and capital gains that are realized from the sale of any of your residences should be reported.

I believe it would be worthwhile for this bill to require disaggregation of certain assets, such as limited partnerships or family holding companies, so that the assets contained in those "black boxes" are considered singly as financial interests for the purposes of reporting. Each asset within such black boxes is a potential conflict of interest.

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I am very uneasy about the exemptions from reporting organizational affiliations in Section 4 (h). Specifically, I worry about connections to 501 (c) (4) organizations that are used as vehicles to receive contributions from individuals, corporations or unions that can be used clandestinely for political purposes. I understand that someone who is determined to engage in such ethically challenged activity could simply assign staff persons to be the directors of such an organization and keep his or her own role “unofficial,” but I would hate to see an easy surrender on this very troubling issue.

Finally, I would like to see an official’s statement of economic interests accompanied by a notarized statement of its completeness and accuracy.

Thank you for allowing me to comment on this important bill.